

Senate Bill No. 1230

Passed the Senate August 31, 2006

Secretary of the Senate

Passed the Assembly August 29, 2006

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add and repeal Section 63040.5 of the Government Code, and to add and repeal Chapter 5.8 (commencing with Section 40610) of Part 3 of Division 26 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1230, Florez. San Joaquin Valley Clean Air Enterprise Zone Program.

(1) Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution, and air pollution control districts and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law establishes the San Joaquin Valley Unified Air Pollution Control District, consisting of the Counties of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare, and that portion of the County of Kern that is within the San Joaquin Valley Air Basin, and requires the district to adopt and enforce rules and regulations to achieve and maintain ambient air quality standards, as provided.

Existing law, the Bergeson-Peace Infrastructure and Economic Development Bank Act, creates the California Infrastructure and Economic Development Bank and gives it the authority to provide funding under specified criteria.

This bill would require the California Infrastructure and Economic Development Bank, in consultation with the San Joaquin Valley Unified Air Pollution Control District, to establish a program to grant low-interest loans, upon appropriation of funds for that purpose by the Legislature, to finance capital expenditures in the San Joaquin Valley Unified Air Pollution Control District that are likely to have substantial air quality benefits, as specified.

The bill would establish the San Joaquin Valley Clean Air Enterprise Zone Program in the state board for the purpose of designating within the geographic boundaries of the San Joaquin Valley Unified Air Pollution Control District a clean air enterprise zone to provide incentives for owners of stationary sources of air pollution to invest in air pollution control equipment that produces surplus and quantifiable emission reductions, as provided. The bill would permit the district to apply for designation as a clean air enterprise zone. The bill would require the state board to designate the district as a clean air enterprise zone if specified requirements are met. Upon designation of the district as a clean air enterprise zone, the bill would require the state board and the district to enter into enforceable agreements with any interested owner of a stationary source of air pollution within the clean air enterprise zone to perform specified functions in exchange for expedited permit review and eligibility for the loan program described above, as specified. The bill would provide that its provisions would be repealed on January 1, 2010. Because this bill would impose prescribed duties on the San Joaquin Valley Unified Air Pollution Control District, this bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 63040.5 is added to the Government Code, to read:

63040.5. (a) Notwithstanding any other provision of this division, the bank, in consultation with the San Joaquin Valley Unified Air Pollution Control District, shall establish a program to grant low-interest loans, upon appropriation by the Legislature of funds for that purpose, to finance capital expenditures in the

San Joaquin Valley Unified Air Pollution Control District that are likely to have substantial air quality benefits, including renewable energy investments.

(b) No loan shall be made unless all of the following requirements are met:

(1) The borrower meets income, credit, net worth, and other underwriting standards established by the bank.

(2) Alternative sources for funding the capital expenditure are not readily available.

(3) The state tax incentives are not substantial enough, in the discretion of the bank and the San Joaquin Unified Air Pollution Control District, to justify self-financing of the capital expenditure.

(4) The borrower has entered into an enforceable agreement pursuant to Section 40612 of the Health and Safety Code.

(c) This section shall remain in effect until January 1, 2010, and as of that date is repealed, unless a later enacted statute extends or repeals that date.

SEC. 2. Chapter 5.8 (commencing with Section 40610) is added to Part 3 of Division 26 of the Health and Safety Code, to read:

CHAPTER 5.8. SAN JOAQUIN VALLEY CLEAN AIR ENTERPRISE
ZONE PROGRAM

40610. The San Joaquin Valley Clean Air Enterprise Zone Program is hereby established in the state board, for the purpose of designating a clean air enterprise zone consisting of the area within the geographical boundaries of the San Joaquin Valley Unified Air Pollution Control District, to provide incentives for owners of stationary sources of air pollution to invest in air pollution control equipment that produces surplus and quantifiable emission reductions exceeding requirements and regulations established under this part.

40611. (a) The San Joaquin Valley Unified Air Pollution Control District may apply for designation as a clean air enterprise zone by submitting a letter of intent to the state board.

(b) The state board, in a duly noticed meeting, shall designate the district as a clean air enterprise zone if the state board certifies, based on state air quality standards, that the district is,

at the time of the submission of the letter of intent, both of the following:

(1) A nonattainment area for airborne PM 2.5.

(2) A serious, severe, or extreme nonattainment area for ozone.

40612. (a) If the San Joaquin Valley Unified Air Pollution Control District is designated by the state board as a clean air enterprise zone, the state board and the district shall enter into enforceable agreements with interested owners of stationary sources of air pollution. Each agreement shall do both of the following:

(1) Require the owner of the stationary source to invest in, and maintain for its rated lifetime, air pollution control equipment that reduces pollution at least 30 percent beyond that otherwise required by existing laws and regulations, or to replace old air pollution control equipment at least 50 percent sooner than otherwise required by existing laws and regulations.

(2) Require the owner of the stationary source of air pollution to properly dispose of any air pollution control equipment replaced.

(b) As part of the expedited permit program created pursuant to Section 42322, the district shall provide for an expedited permit process for owners of stationary sources of air pollution that enter into enforceable agreements with the state board and the district pursuant to this section.

(c) The district, upon being designated as a clean air enterprise zone, shall distribute an informational brochure that describes all available tax credits, low-interest loans, and all other financial incentives authorized by laws or regulations, to each interested owner of a stationary source of air pollution.

40613. This chapter shall remain in effect until January 1, 2010, and as of that date is repealed, unless a later enacted statute extends or repeals that date.

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique difficulties faced by the San Joaquin Valley Unified Air Pollution Control District in attempting in good faith to preserve its air quality, and the uniquely severe public consequences that would be faced by the

counties located in the San Joaquin Valley in the absence of the relief provided by this act.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

Approved _____, 2006

Governor